



UGI Utilities, Inc.
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(610) 796-3400 Telephone

VIA EXPRESS MAIL

March 17, 2011

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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MAR 17 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Licensing Requirements For Natural Gas Suppliers; *SEARCH Final Order and Action Plan: Natural Gas Supplier Issues; Docket Nos. L-2008-2069115; I-00040103F0002; REVISED COMPLIANCE TARIFF FILING OF UGI CENTRAL PENN GAS, INC.*

Dear Secretary Chiavetta:

Enclosed for filing, please find the original and three (3) copies of the *revised* Supplement No. 11 to UGI Central Penn Gas, Inc.'s (the "Company" or "CPG") Tariff – Gas Pa. P.U.C. No. 3S having a proposed effective date of April 1, 2011. This filing is being made consistent with the request of Annunciata Marino in the Bureau of Fixed Utility Services to revise the Company's initial filing submitted in this proceeding on January 31, 2011. Specifically, the following sentence has been added to Section 4.1 of the tariff supplement:

The amount and the form of the security, if not mutually agreed upon by the Company and the MAB Natural Gas Supplier, shall be based on the criteria established under 52 Pa. Code § 62.111(c) and as set forth in this Section 4.

Copies of this filing has been served on the persons (including all natural gas suppliers licensed in the Company's service territory) indicated on the attached certificate of service. Should you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul J. Szykman", written over a horizontal line.

Paul J. Szykman
Vice-President - Rates

Enclosure

Cc: Service List (via First-Class Mail)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Re: Licensing Requirements For Natural Gas Suppliers; *SEARCH Final Order and Action Plan: Natural Gas Supplier Issues; COMPLIANCE TARIFF FILING OF UGI CENTRAL PENN GAS, INC.* :
: **Docket No. L-2008-2069115**
: **I-00040103F0002**
:
:
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CERTIFICATE OF SERVICE

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

I hereby certify that I have, this 17th day of March, 2011, served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

VIA FIRST CLASS MAIL:

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Assistant Small Business Advocate
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Office of Consumer Advocate
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GASMARK – UGI Energy Services, Inc.
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Wyomissing, PA 19610

Hess Corporation
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Wyomissing, PA 19610

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Worthington, OH 43085-2235

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Meri Claasen
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Valhalla, NY 10595

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Stephanie Jones
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Customer Service
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Equitable Gas Company
Jerry Moody
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Gateway Energy Services Corp.
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T/A Starcorp Int'l
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Hampton, NH 03842-1720

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Company
Sharon Baker
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Tulsa, OK 74101

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Suite 317
Woburn, MA 01801

Iberdrola USA Solutions, Inc.
David Lundeen
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Binghamton, NY 13901-3058

Shell Energy North America (US) LP
Susan Smith
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Houston, TX 77010

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Dr. Yitzchak Shkop
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Skokie, IL 60076

Sprague Energy Corp.
Customer Service
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Portsmouth, NH 03801

ValuSource Energy Services, LLC
John Morris
One North Shore
Pittsburgh, PA 15230

Greenmountain.com Company
Kenneth Gokey
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Pennsylvania Gas & Electric
Michelle Mann
290 North West 165th Street PH5
North Miami Beach, FL 33169

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MAR 17 2011


Paul J. Szykman

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dated: March 17, 2011

UGI CENTRAL PENN GAS, INC.

UGI CENTRAL PENN GAS, INC.

NATURAL GAS SUPPLIER COORDINATION TARIFF

ISSUED: January 31, 2011

Effective for Service rendered on and after April 1, 2011 in accordance with the Commission's Order at Docket Nos. L-2008-2069115 and I-00040103F0002 entered June 17, 2010.

By: Paul J. Szykman
Vice President - Rates
2525 N. 12th Street, Suite 360
P.O. Box 12677
Reading, PA 19612-2677

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

NOTICE

THIS SUPPLEMENT MAKES CHANGES IN EXISTING RATES.

SEE PAGE TWO.

<http://www.ugi.com/cpg>

UGI CENTRAL PENN GAS, INC.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

(Page Numbers Refer to Official Tariff)

Table of Contents Gas PA. P.U.C. No. 3S - Page 3

- Added Pages 10(a) and 10(b)

Rules and Regulations - Page 10 - 10(b)

Section 4. Financial Security

- Revised Rules and Regulations related to Choice supplier requirements.

Services Rendered to Natural Gas Suppliers - Page 18 - 19

- Deleted references to security requirements for Rate Schedule MAB in this section.

UGI CENTRAL PENN GAS, INC.

(C)

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RULES AND REGULATIONS (continued)

3.6 Two Billing Options.

The Companies offer two billing options for Rates RMD, GMD, and SGMD: (1) the issuance of a bill by the Companies which contains the NGS charges in a format that complies with the Commission's Customer Information and Disclosure Guidelines; and (2) the issuance of a bill that contains only the Companies' charges, in which case the NGS will bill the customer separately for NGS charges. The conditions under which the Companies will exchange data with the NGS to effectuate either of these billing options is set forth in more detail in the Supplier Agreement.

3.7 Procedures for Coordination between the Companies and the Natural Gas Supplier with Respect to Budget Billing.

The Companies will continue budget billing even where the customer receives gas supply from an NGS, if the NGS is required by Commission order or regulation, or the NGS agrees, to provide budget billing. Under such circumstances, if the Companies issue a combined bill, budget billing will apply to the entire bill. If the NGS issues a separate bill, budget billing will be available for the Companies' charges.

(C) 4. FINANCIAL SECURITY

(C) 4.1 Financial Security. An NGS serving customers under Rate Schedule MAB ("MAB Natural Gas Supplier") shall provide financial security to ensure that Company and/or other Commission-approved Supplier of Last Resort is able to receive, without undue delay, funds or other forms of remuneration sufficient to meet the financial consequences of a MAB Natural Gas Supplier's failure to perform its natural gas supply delivery service obligations hereunder. Company may also use such forms of financial security to satisfy in part or in whole a MAB Natural Gas Supplier's obligation to pay the penalties authorized by this Supplier Tariff. The amount and the form of the security, if not mutually agreed upon by the Company and the MAB Natural Gas Supplier, shall be based on the criteria established under 52 Pa. Code § 62.111(c) and as set forth in this Section 4.

(C) 4.2 Amount of Financial Security. A MAB Natural Gas Supplier seeking to be licensed to provide service on Company's system shall be required to provide an initial amount of \$50,000 in financial security. After the MAB Natural Gas Supplier begins to serve customers on Company's system the amount of financial security shall, unless otherwise mutually agreed, be equal to \$134.63/Dth times the Design Day Requirement (in Dth) for MAB Natural Gas Supplier's pool of Choice customers (as established at Docket No.P-00032054), but in not event shall the amount of financial security be less than \$50,000. This security level shall be subject to adjustments as provided in Section 4.4.

(C) Indicates Change

RULES AND REGULATIONS (continued)

- (C) 4.3 Forms of Financial Security. For purposes of satisfying the amount of financial security determined under Section 4.2 hereof, the MAB Natural Gas Supplier shall provide financial security in one or more of the following manners, in a form reasonably acceptable to the Company and/or other Commission-approved Supplier of Last Resort, and shall reimburse Company for attorneys fees and all related external costs incurred by Company in implementing and enforcing the form of financial security provided by MAB Natural Gas Supplier:
- (a) cash;
 - (b) performance bond;
 - (c) irrevocable letter of credit;
 - (d) guarantee from a third party;
 - (e) in the case of MAB Natural Gas Suppliers with annual operating revenues of less than \$1 million; real or personal property placed in escrow or other arrangement that would make the property readily available to Company in the event of the MAB Natural Gas Supplier's non-performance or entering into bankruptcy, provided that the MAB Natural Gas Supplier (i) provides a verified statement, certified by a third party report, showing that the MAB Natural Gas Supplier has clear title to the property and that the property has not been pledged as collateral, or otherwise encumbered in regard to any other legal or financial transaction; (ii) provides a current appraisal report of the market value of the property; and (iii) grant the Company, upon request, a security interest in such property in a form acceptable to Company; or
 - (f) another form of financial security mutually acceptable to Company and MAB Natural Gas Supplier.
- (C) 4.4 Adjustments to Financial Security Level. From time to time, the Company shall review the financial security provided by a MAB Natural Gas Supplier and determine whether any adjustments are required consistent with the formula under Section 4.2 hereof. The Company shall use the following factors to determine whether any such adjustments are required:
- (a) A change in the MAB Natural Gas Supplier's recent operating history on Company's system or on other NGDS systems has materially affected Company system operation or reliability. A change that could materially affect the Company system or reliability may occur when the MAB Natural Gas Supplier fails to deliver natural gas supply sufficient to meet its customers' needs on 5 separate occasions within a 30 day period, or fails to comply with Company Operational Flow Orders as defined at 52 Pa. Code § 69.11.

(C) Indicates Change

RULES AND REGULATIONS (continued)

- (b) A significant change in the number of customers served, in the volume of gas delivered, or in the unit price of natural gas or a change in the class of customers being served by the MAB Natural Gas Supplier. A change over a consecutive 30 day period of 25% in the number of customer served, in the volume of gas delivered or in the average unit price of natural gas would represent a significant change.
- (c) A change in the MAB Natural Gas Supplier's credit reports that materially affects the MAB Natural Gas Supplier's creditworthiness. A MAB Natural Gas Supplier's creditworthiness could be materially affected when two of the following credit rating companies change the MAB Natural Gas Supplier's credit rating: Dun & Bradstreet, Standard & Poor's Rating Services, Inc., TransUnion LLC, EQUIFAX Inc., Experian Information Solutions, Inc.
- (d) A change in operational or financial circumstances that materially affects the MAB Natural Gas Suppliers' creditworthiness. A MAB Natural Gas Supplier's creditworthiness could be materially affected when two of the following investment rating companies change the MAB Natural Gas Supplier's rating of its issued securities from an investment grade or good rating to a speculative or moderate credit risk rating, and vice versa: Standard and Poor's Rating Services, Inc, Moody's Investment Services, Inc., Fitch, Inc., A.M. Best Company, Inc. and DBRS, Inc.
- (C) 4.5 Notice. If the Company determines, based on the criteria in Section 4.4 hereof, that an adjustment in the amount or type of security that a MAB Natural Gas Supplier must provide is warranted, the Company shall provide notice of its determination to the MAB Natural Gas Supplier in writing. The MAB Natural Gas Supplier shall comply with the Company's determination no later than 5 business days after the date the MAB Natural Gas Supplier was served with notice of the Company's determination. If the MAB Natural Gas Supplier disagrees with the Company's determination, the MAB Natural Gas Supplier may file a dispute with the Company and the Company and the MAB Natural Gas Supplier must attempt to resolve the dispute within 30 days after the date that the Company was notified of the dispute.

(C) Indicates Change

SERVICES PROVIDED TO NATURAL GAS SUPPLIERS**GENERAL TERMS AND CONDITIONS
APPLICABLE TO SUPPLIER SERVICES****1. SERVICE AGREEMENT****1.1 Description.**

A Natural Gas Supplier (NGS) licensed by the Pennsylvania Public Utility Commission and intending to supply customers on the Companies' system is required to enter into a service agreement, in the form prepared by the Companies, for Daily Aggregation and Balancing (DAB) Service and/or Monthly Aggregation and Balancing (MAB) Service. DAB is required to supply customers under daily delivery Rate Schedules L and GD. MAB is required to supply customers under monthly delivery Rate Schedules GMD, SGMD, and RMD.

1.2 Term.

Service agreements shall have an initial term of one year, and be renewed for successive one-year terms thereafter unless terminated by the NGS or the Companies upon written notice to the other not less than ninety (90) days prior to the end of a term. Notwithstanding the above, the Companies may terminate a service agreement at any time as provided for by law or by provisions of this Tariff. Agreements may become effective only on the first day of a calendar month.

2. CONDITIONS OF SERVICE**2.1 Credit Qualification.**

An NGS must meet the credit requirements established by the Companies for the quantity of gas proposed to be supplied. An NGS with insufficient assets may be required to post a cash deposit or other security acceptable to the Companies.

- (C) (a) Application - Applications for service under Rate Schedules DAB must be accompanied by a credit application, which can be obtained from the Companies' Internet website. Completed credit applications must be signed by a responsible corporate officer, and must include a current audited financial statement, annual report, 10-K reports or other filings with regulatory agencies which discuss the NGS's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any available reports from credit reporting and bond rating agencies. A non-refundable credit investigation fee of \$300.00 must accompany the application.

(C) Indicates Change

**GENERAL TERMS AND CONDITIONS
APPLICABLE TO SUPPLIER SERVICES (continued)**

2. CONDITIONS OF SERVICE (continued)

2.1 Credit Qualification (continued)

- (b) Creditworthiness - NGSs categorized by the Companies as having an *Investment Grade* rating shall demonstrate an unsecured long-termed debt rating of 'Baa3' or better from Moody's Investors Service or 'BBB-' or better from Standard & Poors Corporation. NGSs not meeting *Investment Grade* criteria will be required to provide: (a) a credit guarantee letter from an *Investment Grade* affiliated company; or (b) security in the form of a cash deposit, a standby irrevocable letter of credit drawn upon a bank acceptable to the Companies, or a performance bond issued by a surety company acceptable to the Companies.
- (C) (c) Limits - A DAB Natural Gas Supplier with limited credit qualification shall be restricted as to the amount of gas that the Companies are obligated to accept for delivery to customers on any day. Such restrictions will remain in place until a new credit investigation and/or a new level of security deposit confirms that such limits should be changed.
- (C) (d) Reviews - The NGS is responsible for providing updated financial/credit information to the Companies: (a) upon the occasion of any significant change to the NGS's financial condition; or (b) routinely not less than sixty (60) days prior to the annual rollover of the NGS's service agreement(s) under Rate Schedule DAB. At that time, all security credit enhancements will be reviewed and renewed as applicable.

2.2 Communication Requirements. The NGS is responsible for providing to the Companies continuously-updated mailing and electronic addresses, as well as fax and voice telephone numbers, for communication of administrative and operational information on a 24-hour per day, 7-day per week basis. The NGS also is responsible for monitoring of the Companies' Internet website.

3. EMERGENCY CURTAILMENT

Firm delivery services are not subject to curtailment or interruption except in accordance with the gas curtailment provisions of Section 10 of the Rules and Regulations of the retail Tariff. In the event of such curtailment or interruption, the NGS must sell to the Companies all or a portion of its supply of gas that is not being used to serve Priority One and/or Essential Human Needs customers at the higher of: (a) the NGS's cost of gas at the point of delivery to the Companies; or (b) the Companies' weighted average cost of purchased gas per DTH during the period delivery services are curtailed or interrupted.

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From: (610) 796-3415
Jennifer Stamer

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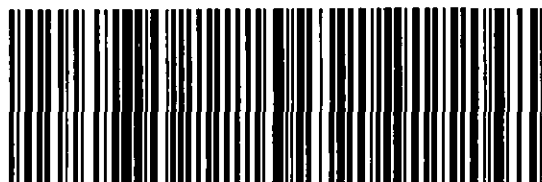
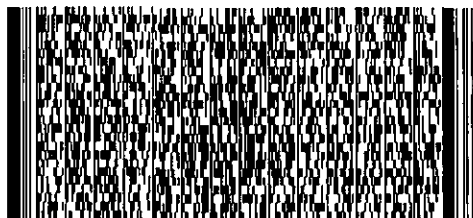
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